

RHODE ISLAND COMMERCE CORPORATION
MEETING OF DIRECTORS
PUBLIC SESSION
March 27, 2017

The Board of Directors of the Rhode Island Commerce Corporation (the “Corporation”) met on March 27, 2017, in Public Session, beginning at 5:00 p.m. at the offices of the Corporation, located at 315 Iron Horse Way, Suite 101, Providence, Rhode Island 02908, pursuant to the public notice of meeting, a copy of which is attached hereto as Exhibit A, as required by applicable Rhode Island law.

The following Directors were present and participated throughout the meeting as indicated: Governor Gina M. Raimondo, Bernard Buonanno, III, Dr. Nancy Carriuolo, Tim Hebert, Mary Jo Kaplan, Jason Kelly, Mary Lovejoy, Michael F. McNally, Ronald O’Hanley, Donna Sams, Vanessa Toledo-Vickers, and Karl Wadensten.

Directors absent were: George Nee.

Also present were: Secretary of Commerce Stefan Pryor, Darin Early and Thomas Carlotto, Esq.

1. CALL TO ORDER AND OPENING REMARKS

Governor Raimondo called the meeting to order at 5:07 p.m.,

indicating that a quorum was present.

Secretary Pryor stated that he was pleased with the activity that was occurring at the Corporation and within the State. He indicated that the Governor and several members of the Board requested an update regarding the Corporation's incentive programs and such programs' return on investment. Secretary Pryor stated that the Corporation has approved sixteen applicants under the Qualified Jobs Incentive Tax Credit program, some of which also have supplemental awards under the Rebuild Rhode Island Tax Credit program. He indicated that incentives under the Qualified Jobs program will have a positive impact on the State's economy. For instance, Secretary Pryor noted that over the next ten years, the Qualified Jobs incentives will have the potential to increase state revenues by approximately \$39 million, which is net of the incentive investment, and are expected to add \$225 million annually to the State's gross domestic product.

Secretary Pryor further stated that the Corporation has approved twenty-four real estate deals, which include incentives awarded under the Rebuild Rhode Island, Tax Increment Financing, and Tax Stabilization incentive programs. He indicated that these transactions are all net positive for the State, demonstrating that the programs are not only impactful, but also financially responsible.

In response to a question by Mr. Hebert, Secretary Pryor indicated that the sixteen Qualified Jobs deals will yield \$39 million in revenues

if each company meets their minimum new job requirements. Mr. Wadensten inquired as to the State's gross domestic product ("GDP"), and the Governor responded that the State's GDP is approximately \$50 billion.

2. TO CONSIDER FOR APPROVAL THE PUBLIC SESSION MINUTES FOR THE MEETING HELD ON FEBRUARY 27, 2017.

Ms. Kaplan entered the meeting.

Upon motion duly made by Mr. Hebert and seconded by Ms. Toledo-Vickers, the following vote was adopted:

VOTED: To approve the Public Session minutes for the meeting held February 27, 2017 as presented to the Board.

Voting in favor of the foregoing were: Bernard Buonanno, III, Dr. Nancy Carriuolo, Tim Hebert, Mary Jo Kaplan, Jason Kelly, Mary Lovejoy, Michael F. McNally, Ronald O'Hanley, Donna Sams, Vanessa Toledo-Vickers, and Karl Wadensten.

Voting against the foregoing were: none.

3. TO RECEIVE AN UPDATE REGARDING THE CORPORATION'S INNOVATION INITIATIVE.

Christine Smith stated that the Corporation's staff reviewed all innovation vouchers granted since the program's inception, and indicated that several voucher recipients are nearing completion of their projects. She explained that a few are carrying on longer than anticipated due administrative delays. Ms. Smith stated that once all the recipients of vouchers complete their projects, the Corporation will survey them to review and analyze their growth in revenues, employees, and investments.

Ms. Smith gave an overview of several innovation voucher recipients. She stated that Pilgrim Screw ("Pilgrim") is a family owned business in Rhode Island, and its President, Jeff Grove, indicated that the innovation voucher program met Pilgrim's research and development needs. Ms. Smith explained that Pilgrim partnered with URI to discuss and develop its project because Pilgrim did not have the ability to do such development in house.

Ms. Smith also discussed CBC, LLC ("CBC"), which had a working prototype, but did not have the ability to scale the production of the prototype; however, after the innovation voucher program, CBC has scaled their product, which is being assembled locally at Walco.

Lastly, Ms. Smith stated that S2S Surgical had a process and product, but needed specialized equipment that was at Rhode Island College, including a 3D printer and software. She explained that after being able to use such equipment, S2S Surgical has continued its product

development.

Mr. Buonanno questioned if after making an innovation grant, the Corporation's staff tracks the costs of implementing the service provided. Ms. Smith responded in the affirmative, noting that voucher recipients are required to make project reports to the Corporation, which the academic institution bills against; therefore the billing rate is tied to the project's progress.

A copy of the PowerPoint is attached hereto as Exhibit B.

4. TO CONSIDER AWARDS TO APPLICATIONS FOR INNOVATION VOUCHERS.

Ms. Smith stated that before the Board were six applicants for grants under the innovation voucher program, totaling \$280,000. She explained that in awarding grants, the Corporation is tracking against its targeted industries and is also tracking statewide, making grants to the east bay, west bay, and metro north areas. She indicated that including the six applicants before the Board, the Corporation has made twenty-eight grants totaling approximately \$1.3 million, which is roughly sixty-five percent of the innovation vouchers program's total funding. She indicated that the Corporation continues to receive applications and that many applications are currently under review by the Corporation's staff.

Mr. Early explained that the Corporation continues to invest primarily in its targeted industries and that the diversity of grants is evident within the targeted industries. In response to a question by Mr. Wadensten, Ms. Smith indicated that the Corporation has six academic institutions, but the approval of the six applications before the Board would increase the Corporation's number academic partners to twelve. She further explained that Brown University has five projects under the innovation vouchers program, URI has nine projects, and that the remainder of the projects are divided among Roger Williams University, Rhode Island College, New England Institute of Technology, Rhode Island School of Design, Lifespan, and the Providence VA Medical Center.

Upon motion duly made by Ms. Sams and seconded by Ms. Carriuolo, the following vote was adopted:

VOTED: To approve the awards to applicants for Innovation Vouchers pursuant to the Resolution submitted to the Board.

Voting in favor of the foregoing were: Bernard Buonanno, III, Dr. Nancy Carriuolo, Tim Hebert, Mary Jo Kaplan, Jason Kelly, Mary Lovejoy, Michael F. McNally, Ronald O'Hanley, Donna Sams, Vanessa Toledo-Vickers, and Karl Wadensten.

Voting against the foregoing were: none.

A copy of the Resolution is attached hereto as Exhibit C.

5. TO CONSIDER A GRANT TO WILLIAM M. DAVIES, JR. CAREER & TECHNICAL HIGH SCHOOL.

Daniel Sutton stated that before the Board for approval was a \$200,000 grant to Davies from the PTECH fund. He stated that in the fall of last year, the Corporation, with the help of the State's Education Commissioner, solicited local high schools to apply for grants from the PTECH fund. Mr. Sutton explained that the Corporation received an application from Davies requesting funding for its advanced manufacturing center ("the Center") that incorporates elements of a PTECH program, such as concurrent coursework with the Community College of Rhode Island and workplace learning, both of which are supported by industry partnerships. Mr. Sutton expressed his gratitude to Jared Manning, Cheryl Carrol, and Skip Burns for their assistance in procuring the prospective grant.

Mr. Sutton explained that Davies currently offers pathways in bio manufacturing, machine technology, and pre-engineering and maintains partnership with Alexion and Greystone Group, among others. He stated that the proposed grant would fund the salary of an administrator to manage for the Center for up to two years.

In response to a question by Mr. Wadensten, Mr. Sutton responded that an administrator is necessary to run the Center and is critical to the success of the program. Secretary Pryor reiterated that the grant funds are start-up funds and that after two years, it is expected that the program be self sustaining.

In response to a question by Mr. Hebert, Mr. Sutton stated that the PTECH programs in Providence, Newport, and Westerly cumulative have approximately one hundred enrolled students, who, this summer, will have the ability to take college courses at the Community College of Rhode Island. The Governor stated that she was impressed with the PTECH students that she interacted with when she visited Rogers High School and Westerly High School.

Mr. Wadensten indicated that his company is a part of the Westerly High School PTECH program and that many of his millennial employees are mentors to high school students and are benefitting from such a role. Mr. Hebert stated that students in PTECH programs will have a positive impact on the State's economy and believes that many will stay in the state subsequent to graduating.

Upon motion duly made by Mr. O'Hanley and seconded by Ms. Kaplan, the following vote was adopted:

VOTED: To approve a grant to William M. Davies, Jr. Career &

Technical High School pursuant to the Resolution submitted to the Board.

Voting in favor of the foregoing were: Bernard Buonanno, III, Dr. Nancy Carriuolo, Tim Hebert, Mary Jo Kaplan, Jason Kelly, Mary Lovejoy, Michael F. McNally, Ronald O'Hanley, Donna Sams, Vanessa Toledo-Vickers, and Karl Wadensten.

Voting against the foregoing were: none.

A copy of the Resolution is attached hereto as Exhibit D.

6. TO CONSIDER APPROVAL OF PRINCIPLES IN RELATION TO A LOAN PROGRAM UNDER THE RENEWABLE ENERGY FUND.

Mr. Early stated that in reviewing the Renewable Energy Fund ("REF"), the Corporation's staff has seen an acceleration in spending from the fund and a change from small scale residential projects to large commercial transactions. He explained that before the Board for approval are principles that are required to be adopted so that the Corporation may utilize a statutorily permitted loan structure in expending REF funds. He indicated that the principles had previously been approved by the Access to Capital Subcommittee.

Mr. Hebert stated that the difference between the REF principles and principles employed in other incentive programs is that the loan

structure under REF principles will be more in line with bank loan funding. He also expressed his approval of the principles.

In response to a question by Mr. Wadensten, Attorney Carlotto stated that a company must have a physical presence and established in Rhode Island to be eligible for an award under REF. Mr. Early added “established in Rhode Island” means that the applicant-company is registered with the Secretary of State.

Upon motion duly made by Ms. Sams and seconded by Mr. O’Hanley, the following vote was adopted:

VOTED: To approve the amended principles in relation to the Renewable Energy Fund as submitted to the Board.

Voting in favor of the foregoing were: Bernard Buonanno, III, Dr. Nancy Carriuolo, Tim Hebert, Mary Jo Kaplan, Jason Kelly, Mary Lovejoy, Michael F. McNally, Ronald O’Hanley, Donna Sams, Vanessa Toledo-Vickers, and Karl Wadensten.

Voting against the foregoing were: none.

A copy of the Principles is attached hereto as Exhibit E.

7. TO CONSIDER THE APPLICATION OF WEXFORD ONE SHIP, LLC FOR INCENTIVES UNDER THE FIRST WAVE CLOSING FUND

PROGRAM.

Secretary Pryor indicated that at the time Johnson & Johnson was approved for incentives under the Qualified Jobs Tax Credit program, there was discussion of a subsequent award under the First Wave Closing Fund to cover expenses associated with the occupancy of a portion of the building located at One Ship Street by the company until it finds a permanent location in the State. He indicated that construction has already commenced at One Ship Street and that Johnson & Johnson has set a goal to create seventy-five jobs with a median salary of \$137,000. Secretary Pryor stated that the operating costs of One Ship Street are conservatively estimated to be \$700,000. He explained that the Corporation will lease One Ship Street from an entity associated with Wexford, and then license the property to Johnson & Johnson. He stated that Johnson & Johnson is expected to occupy One Ship Street for a short number of years while it evaluates Rhode Island in its search for a permanent location. Secretary Pryor also indicated that the proposed First Wave Closing Fund grant of \$700,000 is separate and distinct from the \$1 million grant made by the 195 Commission for the build out of One Ship Street.

Upon motion duly made by Mr. McNally and seconded by Ms. Toledo-Vickers, the following vote was adopted:

VOTED: To approve Wexford One Ship, LLC for incentives under the

First Wave Closing Fund program pursuant to the Resolution submitted to the Board.

Voting in favor of the foregoing were: Bernard Buonanno, III, Dr. Nancy Carriuolo, Tim Hebert, Mary Jo Kaplan, Jason Kelly, Mary Lovejoy, Michael F. McNally, Ronald O'Hanley, Donna Sams, Vanessa Toledo-Vickers, and Karl Wadensten.

Voting against the foregoing were: none.

A copy of the Resolution is attached hereto as Exhibit F.

8. TO CONSIDER THE APPLICATION OF EMONEY ADVISOR, LLC FOR INCENTIVES UNDER THE QUALIFIED JOBS INCENTIVE TAX CREDIT PROGRAM AND THE FIRST WAVE CLOSING FUND PROGRAM.

Mr. Saglio stated that eMoney Advisor, LLC ("eMoney") was founded in 2000 and is a platform for financial advisors to work with and manage their clients. He explained that eMoney has agreed to establish a presence in the State, and has committed to creating fifty jobs by next year and an option to receive incentives for up to one hundred jobs if such jobs are created by 2020. He further explained that in addition to incentives under the Qualified Jobs Tax Credit program, the Corporation's staff is recommending that eMoney be awarded a grant under the First Wave Closing Fund to help eMoney

with talent attraction and to assist with the build-out of eMoney's office space.

In response to a question by Ms. Lovejoy, Kelly Waltrich of eMoney stated that the organization took a measured and thoughtful approach to its expansion and is looking for areas of growth, including hiring engineers and product development employees, which local universities can provide. Mr. Buonanno inquired if eMoney had begun recruiting, and Ms. Waltrich answered in the affirmative, noting that mostly Rhode Island natives have expressed interest in employment.

In response to a comment by Mr. Wadensten, the Governor noted that the State's unemployment is approximately four and one half percent. She further noted that there will be instances in which people are displaced from jobs because the job is no longer necessary, which is why programs like Tech Collective, Real Jobs RI, and Tech Hire are essential to re-train people with necessary skills for new jobs. The Governor also commented that teaching computer science in grade school is important to give people experience for these types of jobs.

Ms. Toledo-Vickers agreed, noting that the certifications for computer science and technology are generally stackable, making such skill widely applicable for jobs. Mr. Hebert noted that sixty percent of his staff is technically oriented, but they do not all have college degrees. He stated that the programs being created help people switch careers

and train them for such change.

Upon motion duly made by Mr. McNally and seconded by Ms. Toledo-Vickers, the following vote was adopted:

VOTED: To approve eMoney Advisor for incentives under the Qualified Jobs Incentive Tax Credit program and First Wave Closing Fund program pursuant to the Resolution presented to the Board.

Voting in favor of the foregoing were: Bernard Buonanno, III, Dr. Nancy Carriuolo, Tim Hebert, Mary Jo Kaplan, Jason Kelly, Mary Lovejoy, Michael F. McNally, Ronald O'Hanley, Donna Sams, Vanessa Toledo-Vickers, and Karl Wadensten.

Voting against the foregoing were: none.

A copy of the Resolution is attached hereto as Exhibit G.

9. TO CONSIDER LITIGATION ISSUES RELATED TO 38 STUDIOS, LLC AND THE SECURITIES AND EXCHANGE COMMISSION.

Upon motion duly made by Mr. O'Hanley and seconded by Ms. Toledo-Vickers, the following vote was adopted:

VOTED: To enter into executive session pursuant to RI Gen. Laws §§ 42-46-5(a)(2) and 42-46-5(a)(7) to consider Agenda items 8 and 9.

Voting in favor of the foregoing were: Bernard Buonanno, III, Dr. Nancy Carriuolo, Tim Hebert, Mary Jo Kaplan, Jason Kelly, Mary Lovejoy, Michael F. McNally, Ronald O'Hanley, Donna Sams, Vanessa Toledo-Vickers, and Karl Wadensten.

Voting against the foregoing were: none.

Members of the Board, staff, and counsel entered into executive session at 5:49 p.m.

Members of the Board, staff, and counsel returned to public session at 6:21 p.m.

Upon entering Public Session, Attorney Carlotto stated that in accordance with Rhode Island General Law Section 42-46-4(b), the Board has unanimously voted to keep all votes taken in Executive Session confidential.

Upon motion duly made by Mr. O'Hanley and seconded by Ms. Toledo-Vickers, the following vote was adopted:

VOTED: To seal the minutes of the Executive Session.

Voting in favor of the foregoing were: Bernard Buonanno, III, Dr. Nancy Carriuolo, Tim Hebert, Mary Jo Kaplan, Jason Kelly, Mary Lovejoy, Michael F. McNally, Ronald O'Hanley, Donna Sams, Vanessa

Toledo-Vickers, and Karl Wadensten.

Voting against the foregoing were: none.

There being no further business in Public Session, the meeting was adjourned by unanimous consent at 6:22 p.m., upon motion made by Mr. Wadensten and seconded by Mr. O'Hanley.

Thomas Carlotto, Secretary